TECTONIC METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars, Unless Otherwise Noted)

DATE OF THE REPORT: MAY 30, 2022

This Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Tectonic Metals Inc. ("Tectonic" or the "Company") together with its subsidiaries as of the date of this report. The MD&A is intended to supplement and complement the Company's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2022 (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*. Readers are encouraged to consult the Company's audited consolidated financial statements for the year ended December 31, 2021, and the corresponding notes to the financial statements, which are available on SEDAR at www.sedar.com. The information contained within this MD&A is current to the date of this report and all figures are stated in Canadian dollars, unless otherwise noted.

OVERVIEW

The Company's principal business activities include the identification, acquisition and exploration of mineral properties primarily in the United States ("US") and Canada. The Company's exploration focuses on precious and base metals with an emphasis on gold. On November 18, 2019, all the Company's outstanding common shares began trading on the Toronto Venture Stock Exchange (the "TSXV") under the symbol "TECT". On July 23, 2020, the Company's common shares began trading on the OTCQB under the symbol "TETOF". On January 25, 2021, the Company's common shares began trading on the Frankfurt Stock Exchange under the symbol "T15B".

NON-BROKERED PRIVATE PLACEMENT

On May 30, 2022, the Company completed the first tranche of a non-brokered private placement issuing 32,185,666 units at a price of $0.06 per unit for total proceeds of $1,931,140. Each unit is comprised of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will be exercisable for a common share at an exercise price of $0.10 and will expire two years from the closing date of the private placement.

Participants in this private placement are Doyon, Limited ("Doyon") and Crescat Capital LLP ("Crescat"), the Company's two largest shareholders.

Doyon participated in the Company's private placements in 2020 and 2021, and as at March 31, 2022 holds 16,390,600 shares and 8,195,300 warrants. Doyon has agreed not to exercise any Doyon warrants if, as a result of such exercise, it causes Doyon to hold greater than 19.99% of the total outstanding common shares of Tectonic, unless and until the shareholders of Tectonic have passed a resolution approving such exercise of the Doyon warrants in accordance with the applicable rules and policies of the TSXV. Doyon was granted a pre-emptive right to maintain its pro rata interest for as long as Doyon owns more than 10% of the common shares of Tectonic, calculated on a partially diluted basis. As of the date of this report, Doyon owns approximately 16.4% of the common shares of Tectonic, on a partially diluted basis.

Crescat participated in the Company's 2021 private placement, and as at March 31, 2022 holds 23,818,191 common shares and 5,000,000 warrants.

On June 23, 2021, the Company completed a private placement for the issuance of 71,760,560 units a $0.10 per unit for aggregate gross proceeds of $7,176,056. Each unit was comprised of one common share and one-half of one common share purchase warrant. Each whole warrant has an exercise price of $0.17 and expires June 23, 2023, and are subject to the Acceleration Clause.

In connection with the non-brokered private placement, the Company paid finders' fees of $277,958 and issued 2,488,588 finders' warrants. Each finder's warrant is exercisable for a common share of Tectonic at an exercise price of $0.17 and expire date of June 23, 2023.

HIGHLIGHTS AND DEVELOPMENTS

Exploration highlights

Over the course of 2021, Tectonic completed 3,834 metres ("m") of drilling, including 12 holes for 2,319m of the first-ever oriented core diamond drilling and 9 holes for 1,515m of the first-ever reverse circulation ("RC") drilling in a two-phase program at the Company's Tibbs Gold Project, Alaska ("Tibbs"). Drilling tested known high-grade gold targets and newly discovered prospects exhibiting coincident gold-in-soil anomalies, high-grade mineralization in grab samples, and both surficial structural lineaments and subsurface geophysical anomalies. Additionally, 1,284m of RC drilling in 9 holes were completed at Carrie Creek following comprehensive mapping and sampling programs at the Carrie Creek, Mt. Harper and Maple Leaf projects. All results from Tectonic's 2021 exploration programs have been released.

- *Phase I oriented diamond drill results at Tibbs were announced from the Michigan and Gray Lead Zones in 2021. The program was successful in intersecting high-grade gold mineralization, such as 7.69 grams per tonne gold ("g/t Au") over 6.12m, including 33.92 g/t Au over 1.22m and 12.45 g/t Au over 5.15m, including 41.39 g/t Au over 1.26m, and determining the structural orientation of the mineralization at both the Michigan and Gray Lead Zones. Both zones are approximately 250m in length and remain open along strike and at depth.*
- *A ¼ core check assay program of the 2021 diamond drilling at Michigan identified the presence of gold nugget effect within high-grade intercepts. New interpretation suggests that these high-grade intercepts may be situated on a newly identified steep structure. This structure, tested by the 2021 diamond drill holes, is highly oblique to the historical drill orientation. Drill testing of this potential new structure will be a top priority going forward.*
- *Since 2018, Tectonic has been applying the Pogo Geological Model at Tibbs to generate drill targets in search of mineralization similar to Northern Star Resources' ("Northern Star") nearby Pogo gold mine. In doing so, the Company produced compelling drill-ready gold-in-soil anomalies that share the same host rock (gneissic) and similar geochemistry (Au-As-Bi-Te), as well as interpreted high- and low-angle structures observed in lineaments and Tectonic's TITAN Geophysical Survey completed during 2021. Phase II drilling during 2021 at Tibbs represents the first ever drilling in the western gneiss portions of the property specifically targeting Pogo analogues. Discovery at Gray Lead West confirms for the first-time low-angle veins carrying Pogo-style gold mineralization (Au-As-Bi-W-Te geochemical signature), intersecting gneiss-hosted quartz-sulphide veins with visible gold. Tibbs now exhibits high-angle veining (Gray Lead) adjacent to newly discovered low-angle veins (Gray Lead West), both carrying*

high-grade Pogo-style gold mineralization confirmed by drilling. All key elements of the Pogo Exploration Model are now present at Tibbs further validating the application of the Model.

- *Four stacked, low-angle, Pogo-style quartz vein horizons discovered at the Gray Lead West target, with highlights including:*
  - *9.95 g/t Au over 0.75m at 223.00m down hole and 7.64 g/t Au over 0.60m at 342.70m down hole in diamond hole TBDD21-012*
  - *Visible gold intersected in TBRC21-001 returning 1.37 g/t Au over 3.05m and 2.21 g/t Au over 3.04m intersected in TBRC21-003. correlate along trend with an upper structure in hole TBDD21-012, (1.03 g/t Au over 1.10m) defining nearly 700m of potential trend*
- *Phase II reconnaissance drilling was also conducted at the following Tibbs targets: Galosh, Johnson Saddle, West Trench and Wolverine. Drilling indicates that the southwestern extent of the property exhibits potential for multiple, kilometre ("km") scale vein targets that require additional drilling:*
  - *Johnson Saddle – 3.43 g/t Au over 1.52m at 38.10m downhole in TBRC21-009*
  - *Galosh – 2.44 g/t over 3.05m at 164.59m downhole in TBRC21-007 and 0.96 g/t Au over 3.05m at 19.81m downhole in TBRC21-008*
  - *West Trench – 0.96 g/t Ao over 3.05m at 109.73m in TBRC21-005.*

At Carrie Creek, high-grade sheeted quartz-gold-bismuthinite veining (to 50.3 g/t Au) similar to that observed at Kinross Gold's Fort Knox Mine was found in granodiorite talus blocks along a 400m northeast-southwest trend at the Jorts target during the 2021 mapping programs. Five RC holes for 732m were completed at the Jorts target, with granodiorite-hosted gold mineralization associated with weak to moderate chlorite alteration and increased bismuth, tungsten and tellurium intersected in four holes. Highlights include 1.21 g/t Au over 1.53m from 169.16m and 0.44 g/t Au over 6.10m from 126.49m down hole in CCRC21-006, 1.79 g/t Au over 1.53m from 156.97m down hole in CCRC21-008, and 0.33 g/t Au over 6.10m from 156.97m down hole in CCRC21-009. Four RC holes for 453m were completed at the Jeans Ridge ("Jeans") target 1.4 km to the northeast, with gold mineralization variably associated with weak chlorite alteration and associated bismuth, tungsten, tellurium and arsenic. A peak value of 0.50 g/t Au over 1.52m was intersected in hole CCRC21-004 beginning at 45.72m down hole.

Corporate Highlights

- On March 14, 2022, the Company appointed Peter Kleespies, M.Sc as Vice President, Exploration ("VPX").

ABOUT DOYON

Tectonic and Doyon initially partnered in the summer of 2018, where Tectonic was granted exclusive rights to explore, develop and mine all minerals, ores and mineral products extracted from Tectonic's Seventymile and Northway Projects, which are situated on Doyon land. In the summer of 2021, Tectonic was granted similar rights on the Flat Gold Project ("Flat Property"), also situated on Doyon land. Forming partnerships and establishing production agreements on Tectonic's early-stage projects at the onset is a critical component of Tectonic's business model. Such discovery-to-production agreements manage risks and align the interests and expectations of all parties involved, so the task of advancing a project from discovery through to the development of a mine is more streamlined.

With more than 12.5 million acres of land and over 20,000 shareholders, Doyon is the largest private landholder in Alaska and one of the largest in North America. Doyon's mission is to continually enhance their position as a financially secure Native corporation and promote the economic and social well-being of their shareholders and future shareholders. They focus on strengthening the Native way of life and protecting and enhancing their land and resources.

ABOUT CRESCAT

Crescat is a global macro asset management firm headquartered in Denver, Colorado, which deploys tactical investment themes based on proprietary value-driven equity and macro models. Crescat's investment goals are to provide industry-leading absolute and risk-adjusted returns over complete business cycles with low correlation to common benchmarks, and they apply their investment process across a mix of asset classes and strategies.

BASE SHELF PROSPECTUS

On May 29, 2020, the Company filed a final short form base shelf prospectus (the "Prospectus"). The Prospectus allows Tectonic to offer up to $100 million of common shares, warrants, subscription receipts, debt securities, share purchase contracts and units from time to time until June 29, 2022.

TIBBS PROPERTY

Overview

On June 15, 2017, the Company and Tibbs Creek Gold, LLC ("TCG") entered into a mining lease and option agreement (the "Tibbs Agreement") where TCG granted to the Company the full and exclusive right to use, occupy and carry out mineral exploration, production and extraction activities on the Tibbs Property to earn a 100% interest in the Tibbs Property. The Tibbs Property comprises 169 claims covering a total of 5,457.5 hectares located in the Big Delta B1 Quadrangle of the Fairbanks Recording District in the state of Alaska. The Tibbs Agreement is for a period of 10 years terminating June 15, 2027. The Tibbs Agreement grants TCG a 2.5% net smelter return royalty ("NSR"), of which 1.5% can be purchased for US$1,500,000.

On July 30, 2019, the Company received notice from another junior mining company that seven of the claims at Tibbs wholly or partially overstake their claims, and that they are asserting the senior claim. Tectonic considers the disputed claims to be non-core, and this notice will not impact Tectonic's exploration efforts going forward on the rest of the Company's Tibbs claims. The Company is currently investigating the validity of this notice with its counsel and will not be performing any exploration work on the disputed claims until the matter is resolved.

Option Payments and Exploration Commitments

In consideration for the Tibbs Agreement, the Company paid TCG $301,973 (US$230,000) to December 31, 2021. The Company is committed to paying a US$50,000 option payment each June from 2021 to 2027 (the "Tibbs Anniversary Payments"). The Company must incur an aggregate US$1,000,000 in exploration expenditures by June 15, 2022. The Company fulfilled this exploration expenditure commitment and is up to date on the Tibbs Anniversary Payments. Further, the Company has agreed to pay TCG a cash payment of US$1,000,000 if the Company commences commercial production on the Tibbs Property. The Company has the option to acquire the Tibbs Property at any time during the lease term by making a lump sum payment equal to the aggregate amount of any remaining Tibbs Anniversary Payments. If, during the term of the Tibbs Agreement, the Company completes a preliminary economy assessment, the Company must make a cash payment of US$25,000 each year to TCG in addition to the Tibbs Anniversary Payments.

Exploration Programs

During June 2021, the Company commenced its 2021 exploration program anchored by two oriented diamond drill campaigns at the Tibbs Project. The initial diamond drill follows upon drill targets at Michigan and Gray Lead identified by the Company's 2019 and 2020 Rotary Air blast ("RAB") drill programs. The 2020 RAB drill program targeted expansion of the Company's 2019 drill discovery of 6.03 g/t Au over 28.95 m at the Michigan Zone. The 2020 drill program focused on stepping out from this highlight drill intercept while also testing for additional Michigan-style structures along a 3-km long prospective corridor at the Upper and Lower Trench Zone and the Wolverine Zone. The Company drilled 3,202m over a total of 27 holes in 2020.

During July 2021, the Company commenced a deep-penetrating TITAN-160 ("TITAN") ground-based geophysical survey designed to specifically target multiple Pogo-like gold-in-soil anomalies situated in the Tibbs Project.

In August 2021, Tectonic moved quickly to follow up on the TITAN survey results, initiating Phase II of the Company's drill program. Phase II drilling focused on drill testing Pogo-like targets, including West Trench, Johnson Saddle, Galosh and Gray Lead West, which had never been drilled before. The remaining five oriented diamond drill holes for 1,517 m tested for both low- and high-angle structures, as interpreted at these targets. Among the targets tested was a 190.4 g/t Au rock grab sample hosting Pogo-style vein mineralization identified at West Trench. In addition, a RC drill rig was mobilized to test Pogo-like low-angle structures in the western section of Tibbs, completing a further 1,515m of drilling in 9 holes on the Phase II targets.

In October 2021, the Company announced results from the first seven diamond drill holes comprising a total of 803m of drilling from the Company's 2021 Phase I campaign at Tibbs, which include highlight intercepts containing visible gold and returning 7.69 g/t Au over 6.12 m, including 33.92 g/t Au over 1.22m at Michigan and 12.45 g/t Au over 5.15m, including 41.39 g/t Au over 1.26m at Gray Lead .

In November 2021, the Company announced the discovery of high-grade quartz-sulphide veining in grab samples from the underexplored gneissic rocks at the Tibbs Gold Project. Rock grab gold values from the West Trench Prospect ranged from trace to 190.4 g/t Au and are the first evidence of Pogo-style vein mineralization in the western gneissic terrain.

In March 2022, the Company announced the results of check assaying of ¼ drill core from the Phase I diamond drill program at Michigan. The check assay program indicates the presence of gold nugget effect at the Michigan prospect highlighted by a 104.5 g/t Au ¼ core check assay that originally returned 1.034g/t Au over 1.0m. Tectonic has initiated a program of selective metallic screen assaying for all known intervals of quartz vein mineralization and visible gold drilled during the 2021 season to allow Tectonic to further understand the extent and distribution of nuggety gold within the project area and how to best assay drill samples going forward.

In March 2022, the Company announced results from five diamond drill holes and nine RC drill holes comprising a total of 3,032m of drilling from the Company's 2021 Phase II campaign at Tibbs. Results included the identification of four stacked, low-angle, Pogo-style quartz vein horizons at Gray Lead West with highlight intercepts of 9.95 g/t Au over 0.75m and 7.64 g/t Au over 0.60m, and the discovery of gneiss hosted, interpreted low angle veining at Galosh and Johnsons Saddle, which returned peak values of 2.44 g/t Au over 3.05m and 3.43 g/t Au over 1.52m, respectively.

Carrie Creek and Mt. Harper Properties

In August 2020, the Company entered into a mining lease agreement with Doyon for a 100% interest in two areas of Alaska Native regional corporation mineral estate in the Goodpaster District, Alaska (the "Carrie Creek and Mt. Harper Properties"). The Carrie Creek Property is comprised on a north and south block of land contiguous with the Tibbs Property and covers 15,800 acres. The nearby Mt. Harper Property is 49,800 acres in size and is located approximately 20 km to the east of the Tibbs Property.

The lease covers the mineral estate and the surface estate and grants the Company rights to conduct mineral exploration and, if warranted, mineral development and production activities. Doyon is granted a 2% NSR for precious minerals and a 1% NSR for base minerals until the end of the fourth year of commercial production. Doyon is granted a 3% NSR for precious minerals and a 2% NSR for base minerals from the fifth to tenth anniversaries of commercial production. After the tenth anniversary of commercial production, the production royalty for precious minerals is the greater of a 4% NSR or 15% of net proceeds and the production royalty for base minerals is the greater of a 3% NSR or 15% of net proceeds. The initial lease term is for 15 years, and the lease agreement includes renewal clauses to extend the lease period up to the entire commercial operational period of a mine.

In consideration, the Company paid Doyon $26,137 (US$20,000) on lease requirements to December 31, 2021 and pursuant to the lease agreement is required to pay:

I. US$10,000 each January 2021 to 2024 (2021 and 2022 payments made);

II. US$40,000 each January 2025 to 2029;

III. US$100,000 each January 2030 and thereafter. If the Company exercises an option to extend the lease term by another five years after completion of a feasibility study, this annual payment shall be increased to US$200,000; and,

IV. US$150,000 upon completion of a feasibility study.

Pursuant to the option agreement, the Company is required to incur the following amounts for exploration expenditures on the Carrie Creek and Mt. Harper Properties:

Calendar years	Required aggregate exploration expenditures over period (US$)[1]
2020-2022	1,000,000
2023-2026	1,200,000
2027-2030	2,000,000
Each four-lease year period commencing 2031	2,000,000

Eligible expenditures include all actual, direct costs, expenses and charges related to exploration and development conducted on or for the benefit of the Carrie Creek and Mt. Harper Properties, including without limitation costs and expenses off the property and reasonably allocated to operations on the property. The Company is permitted to carry-forward excess expenditures and apply them against a future year. Tectonic is required to spend at least 25% of its required aggregate expenditures for each expenditure period for the benefit of each of the Carrie Creek Property and Mt. Harper Property. As of March 31, 2022, the Company incurred US$1,008,492 in cumulative eligible expenditures on the Carrie Creek Property and Mt. Harper Property.

Additionally, the Company contributes to the Doyon Foundation, an annual US$10,000 scholarship for the term of the lease. The scholarship amount increases to US$50,000 each year following the commencement of commercial production at either the Carrie Creek or Mt. Harper property. Subsequent to March 31, 2022, the Company fulfilled its current year's commitment.

Exploration Program for Carrie Creek and Mt. Harper Properties

Carrie Creek - In July 2021, concurrent with ongoing exploration activity at Tibbs, Tectonic completed a four-week mapping program at the Carrie Creek property to validate the geological mapping completed by a previous lessee in the late 1990s and conducted a prospecting program in the southwestern reaches of the property at Jorts and Jeans. The surface mapping and prospecting program resulted in new discoveries of high-grade gold in grab sampling at the Jorts and Jeans targets, and a total of 223 rock samples collected property wide. The Jorts and Jeans targets are separated by 1.3 km and are adjacent to claims owned by Northern Star. Both targets are situated on the same northeastern trend that hosts Northern Star's Brink Gold Zone and the adjacent Porthos Ridge exploration target, west of Jeans. Based on these promising results and the limited time remaining in the field season, Tectonic quickly followed up with a RC drill, completing 9 holes for 1,185m at Jeans and Jorts while testing for Brink-style sheeted quartz veins.

In late July/August 2021 a second mapping and prospecting program was also launched at the Mt. Harper Polymetallic Project ("Mt. Harper"), which concentrated on the eastern portion of the property in the vicinity of the Section 21 prospect and a total of 125 rock samples were collected.

The 2021 mapping campaign was the first comprehensive mapping and prospecting programs on both the Carrie Creek and Mt. Harper properties in over 20 years. The objective of the programs is to obtain geological control on the various styles of mineralization observed on the respective properties to date and advance select targets to the drill-ready stage.

In September 2021, the Company announced initial results from the Company's 2021 mapping campaign at Carrie Creek Grab rock sampling in the southern extent of Tibbs produced two robust, high-grade gold rock anomalies with gold values ranging from trace to 50.3 g/t Au at the Jorts Prospect and trace to 7.8 g/t Au at the Jeans Ridge Prospect. Mineralization at both prospects consists of granodiorite-hosted sheeted quartz veins that contain bismuthinite and rare visible gold. Mineralization is interpreted to represent veining associated with an intrusion-related gold system.

In March 2022, the Company announced results from the nine RC drill holes comprising a total of 1,185m of drilling from the Jeans and Jorts targets, with highlight intercepts of 1.21 g/t Au over 1.53m and 1.79 g/t Au over 1.53m from Jorts.

SEVENTYMILE PROPERTY

Overview

On June 1, 2018, the Company and Doyon entered into a mining lease agreement (the "Seventymile Agreement") where Doyon granted to the Company the full and exclusive right to use, occupy and carry out mineral exploration, development and production on the Seventymile Property. The Seventymile Property is located approximately 270 km east of Fairbanks, Alaska, and approximately 59 km west of Eagle, Alaska. The Seventymile Agreement is for a period of 15 years terminating June 1, 2033 and includes renewal clauses to extend the lease period up to the entire operational period of a mine. Doyon is granted a 2% NSR for precious minerals and a 1% NSR for base minerals until the end of the fourth year of commercial production. Doyon is granted a 4% NSR for precious minerals and a 3% NSR for base minerals from the fifth to tenth anniversaries of commercial production. After the tenth anniversary of commercial production, the production royalty for precious minerals is the greater of a 4% NSR or 15% of net proceeds and the production royalty for base minerals is the greater of a 3% NSR or 15% of net proceeds.

Option Payments and Exploration Commitments

In consideration, the Company paid Doyon $156,582 (US$120,000) on lease requirements to December 31, 2021 and pursuant to the lease agreement is required to pay:

I. US$60,000 each January 2022 to 2027 (2022 payment made);

II. US$200,000 each January 2028 and thereafter. If the Company exercises an option to extend the lease term by another five years after completion of a feasibility study, this annual payment shall be increased to US$300,000; and

III. US$600,000 upon completion of a feasibility study.

The Company committed to incur the following amounts for exploration expenditures on the Seventymile Property:

Calendar years	Amount of annual exploration expenditures (US$)[1]
2018 (commitment fully met)	400,000
2019 (commitment fully met)	600,000
2020 – 2023 (commitment fully met)[1]	750,000
2024 – 2027	1,500,000
2028 and each calendar year thereafter	2,000,000

Eligible expenditures include all actual, direct costs, expenses and charges related to exploration and development conducted on or for the benefit of the Seventymile Property, including without limitation costs and expenses off the property and reasonably allocated to operations on the property. The Company is permitted to carry-forward excess expenditures and apply them against a future year. As of March 31, 2022, the Company incurred US$2,221,547 in cumulative eligible expenditures on the Seventymile Property.

Additionally, the Company contributes to the Doyon Foundation a US$25,000 scholarship each May for the term of the lease. The scholarship amount increases to US$50,000 each year following the commencement of commercial production at the Seventymile Property. Subsequent to March 31, 2022, the Company fulfilled its current year's commitment.

Exploration Program

During 2021, the Company did not conduct any in-field exploration activities, but rather desktop work at Seventymile.

FLAT PROPERTY

In September 2021, the Company entered into a mining lease agreement with Doyon for a 100% interest in the Flat Property located 40 km north of Donlin Gold Project, owned and operated by Barrick Gold Corp. and Novagold Resources Inc., and located in the Kuskokwim Mineral Belt, Alaska. The agreement covers all aspects of exploration, development, production and royalties, including key environmental, social and governance provisions. The initial term of the lease is for 15 years and includes renewal clauses to extend the lease period up to the entire operational period of the mine. Doyon is granted a 2% NSR for precious minerals and a 1% NSR for base minerals until the fifth anniversary of commencement of commercial production. Doyon is granted a 3% NSR for precious minerals and a 2% NSR for base minerals from the fifth to tenth anniversaries of commercial production. After the tenth anniversary of the commencement of commercial production, the production royalty for precious minerals is the greater of a 4% NSR or 15% of net proceeds and the production royalty for base minerals is the greater of a 3% NSR or 15% of net proceeds.

In consideration, the Company paid Doyon $37,059 (US$30,000) on lease requirements to December 31, 2021 and is required to make the following payments:

I. US$40,000 each September 2022 to 2025 (2022 payment made);

II. US$50,000 each September 2026 to 2030;

III. US$100,000 each September thereafter. If the Company exercises its option to extend the lease term, this annual payment shall be increased to US$200,000; and

IV. US$150,000 upon completion of a feasibility study.

Pursuant to the option agreement, the Company is required to incur the following amounts for exploration expenditures on the Flat Property:

Calendar years	Amount of exploration expenditures (US$)[1]
2021 – 2023 (including no less than $500,000 by the end of 2022)	1,000,000
2024 – 2026	2,000,000
2027 – 2029	2,500,000
Each three – lease year period commencing 2030	2,500,000

Eligible expenditures include all actual, direct costs, expenses and charges related to exploration and development conducted on or for the benefit of the Flat Property, including without limitation costs and expenses off the property and reasonably allocated to operations on the property. The Company is permitted to carry-forward excess expenditures and apply them against a future year. As of March 31, 2022, the Company incurred US$26,090 in cumulative expenditures on the Flat Property.

The Company has committed to contributing to the Doyon Foundation an annual US$10,000 scholarship for the term of the lease. The scholarship amount increases to US$50,000 each year following the commencement of commercial production at the Flat Property. Subsequent to March 31, 2022, the Company fulfilled its current year's commitment.

MAPLE LEAF PROPERTY

The Company staked 74 state of Alaska mining claims known as the Maple Leaf Property, located approximately 15 km east-northeast of the Tibbs Property in the prolific Goodpaster mining district. The Maple Leaf claims cover 4,791 hectares of prospective geology and known high-grade gold prospects, which have seen only minimal historical exploration work.

During July 2021, the Company performed geological mapping and prospecting via rock sampling focused at the Tourmaline Hill prospect in the western portion of the Maple Leaf Property. The goal of the program was to enhance Tectonic's understanding of the geology and mineralization, generate new exploration targets and follow-up on the Tourmaline Hill prospect.

HEALTH AND SAFETY, ENVIRONMENT AND COMMUNITY

Health and Safety

There were no fatalities or lost-time injuries reported at any of the Company's project sites.

COVID-19 Mitigation Plan

The Company has a robust COVID-19 mitigation plan for its exploration work being conducted in Alaska. All employees and contractors presented a qualifying negative COVID-19 test to enter Alaska. While waiting for transportation, all individuals self-isolated in a hotel room. The team travelled directly to the first drill site at the Tibbs Property in privately arranged transportation. The same crew remained onsite and travelled directly between the Company's properties for the duration of the exploration programs to minimize community exposure.

The Company implemented additional safety measures at program sites for all employees and contractors, including frequent washing of hands, discouraging sharing of tools and equipment, regular cleaning and disinfecting of surfaces, maintaining a physical distance of at least 2m when possible and daily temperature readings of all individuals. All non-essential travel to rural communities was prohibited. If in-person resupply was required, the individual shopping was required to practice social distancing.

A basic response plan was implemented that if a person displayed signs and symptoms of COVID-19, the person was not to come to the work site. If the person was already at camp, they were to remain in their tent until their supervisor was alerted to the situation and then they were to be moved to an area separated from others. Given the small size of the camps, if one person became infected or was suspected of being infected, the entire camp would enter into quarantine from the community. An extraction plan was in place depending on the severity of the symptoms. The Company would coordinate and communicate with local and state health officials if any cases or suspected cases arose.

As of the date of this report, there have been no cases or suspected cases of COVID-19 at any of the Company's projects and work sites.

Environment

There were no environmental issues reported at any of the Company's project sites.

Community

As per the Seventymile Agreement, during May 2021, the Company paid its annual US$25,000 scholarship contribution to the Doyon Foundation. The Doyon Foundation was established as a separate nonprofit charitable organization in 1989 by Doyon. Doyon Foundation's mission is to provide educational, career and cultural opportunities to enhance the identity and quality of life for Doyon shareholders. Doyon Foundation carries out its mission by providing basic and competitive scholarships, works with organizations to place interns and advances traditional Native knowledge by partnering with various organizations.

As per the Flat Property agreement, during October 2021, the Company paid US$10,000 for scholarship to educate Doyon's shareholders and their direct descendants in the fields of natural resource development and land management.

During 2021, certain members of the Tectonic team, including the Chief Executive Officer ("CEO") and VPX, met virtually with the chiefs of select local villages in and around the Northway and Seventymile properties to discuss potential upcoming programs, job opportunities and to assess the current state of affairs given the ongoing COVID-19 pandemic.

RESULTS OF OPERATIONS

The following table represents acquisition costs incurred on the exploration and evaluation assets:

	Flat, USA	Tibbs, USA	Seventymile, USA	Northway, USA	Maple Leaf, USA	Carrie Creek and Mt. Harper, USA	Total
At December 31, 2020	$ -	$ 249,052	$ 118,656	$ 135,564	$ 15,977	$ 14,945	$534,194
Cash property payments	88,163	62,875	114,852	-	-	25,508	291,398
Impairment	-	-	-	(135,564)	-	-	(135,564)
At December 31, 2021 and March 31, 2022	**$ 88,163**	**$ 311,927**	**$ 233,508**	**$ -**	**$ 15,977**	**$ 40,453**	**$690,028**

During the three months ended March 31, 2022 and 2021, the Company incurred exploration and evaluation expenditures as follows

	Tibbs	Seventymile	Flat	Carrie Creek / Mt. Harper	Northway and Maple Leaf	Project generation and support	For the three months ended March 31, 2022
Computer software	$ 3,267	$ 1,499	$ 1,499	$ 2,033	$ -	$ 12,316	$ 20,614
Drilling program	109,924	-	-	12,500	-	-	122,424
Geological consulting	10,200	6,000	10,200	19,350	-	3,600	49,350
Mapping program	2,930	744	764	-	-	-	4,438
Other camp expenses	27	-	-	-	74	1,529	1,630
Salary & legal costs	39,921	-	5,025	9,298	9,704	9,846	73,794
Surveying program Surveying program	175	175	143	185	34	177	889
Total exploration expenditures	**$166,444**	**$8,418**	**$17,631**	**$43,366**	**$9,812**	**$27,468**	**$273,139**

	Tibbs	Seventymile	Flat	Carrie Creek/ Mt. Harper	Northway and Maple Leaf	Project generation and support	For the three months ended March 31, 2021
Other camp expenses	$ 12,795	$ 4,982	$ -	$ -	$ 3,380	$ 622	$ 21,779
Registration fees	-	-	-	-	20,736	-	20,736
Salary & legal costs	19,143	9,611	-	-	2,171	9,402	40,327
Sampling program	1,702	-	-	-	372	-	2,074
Geological consulting	27,046	42,720	-	-	7,457	27,083	104,306
Total exploration expenditures	**$ 60,686**	**$ 57,313**	**$ -**	**$ -**	**$ 34,116**	**$ 37,107**	**$ 189,222**

QUARTERLY RESULTS

Three months ended:	March 31, 2022 $	December 31, 2021 $	September 30, 2021 $	June 30, 2021 $
Exploration and evaluation assets	690,028	690,028	549,492	647,997
Working capital	250,085	829,407	2,366,856	7,845,565
Loss and comprehensive loss	(586,937)	(1,411,758)	(5,621,735)	(1,697,804)
Basic and diluted loss per share	(0.00)	(0.01)	(0.03)	(0.02)

Three months ended:	March 31, 2021 $	December 31, 2020 $	September 30, 2020 $	June 30, 2020 $
Exploration and evaluation assets	585,122	534,194	519,249	519,249
Working capital	2,665,740	3,256,604	3,952,341	6,880,355
Loss and comprehensive loss	(653,712)	(809,698)	(3,020,510)	(824,974)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)

During the three months ended March 31, 2022, the Company incurred a loss of $586,937, which was similar to the prior year's comparative period. The most significant year on year changes included a slight increase in exploration expenses due to assay results related to the 2021 exploration program being received in the first quarter of 2022. The increase was offset by a decrease in marketing expenses and share-based payments due to the share price of the Company significantly decreasing.

During the three months ended December 31, 2021, the Company incurred a loss of $1,411,758, which was higher than the prior year's comparative period, as the 2021 drill program was significantly larger than the 2020 comparative year program. The most significant year on year changes included increased drilling expenditures and ground geophysics at Tibbs.

During the three months ended September 30, 2021, the Company also incurred a significantly larger loss than the loss in the prior year's comparative period, as well as the previous two quarters. The large increase was also due to the larger drilling and geophysical programs the Company had during 2021, which took place mainly during the summer of 2021. The most significant expenditures related to drilling expenses in Tibbs for $3,254,966 and Carrie Creek for $842,098 followed by geophysics surveys for $463,189.

During the three months ended March 31, 2021, the Company incurred a $653,712 loss, which was smaller than the loss incurred in the same quarter of 2020 and due mainly as a result of cost savings in exploration, marketing and corporate development, and travel and meals due to less activity due to COVID-19 restrictions.

During the three months ended December 31, 2020, the Company incurred a $809,698 loss, which was mainly due to higher administrative costs of being a public company.

During the three months ended September 30, 2020, the Company incurred a $3,020,510 loss, which was mainly due to the 2020 exploration field programs conducted during this period. There was a RAB drilling program on both the Tibbs and Seventymile properties, mapping and prospecting on the Tibbs, Seventymile, Maple Leaf, Carrie Creek and Mt. Harper properties, and a soil sampling program on the Tibbs Property.

During the three months ended June 30, 2020, the Company incurred a $824,974 loss, which was mainly due to higher administrative costs of being a public company. Additionally, the Company incurred $73,500 for the Rubicon dataset acquisition, which was expensed to exploration expenses.

Three months ended March 31, 2022, compared to the three months ended March 31, 2021

The Company recorded net loss of $586,937 ($0.00 per common share) for the three months ended March 31, 2022 compared to net loss of $653,712 ($0.01 per common share) during the three months ended March 31, 2021, a decrease of $66,775, as explained in the following paragraphs:

- Exploration expenditures were $273,139 compared to $189,222, during the prior period, an increase of $83,917. Final assay results related to the 2021 exploration program being received in the first quarter of 2022.

- Salaries and benefits were $115,655 compared to $128,124 during the prior period, a decrease of $12,469. The decrease resulted as the comparative period includes wages paid to the Chief Financial Officer ("CFO") as an employee of the Company while during the current period the CFO's fees are paid to a firm for which the new CFO works and are included as accounting fees.

- Accounting and legal expenses were $107,526 compared to $38,532 during the comparative period, an increase of $68,994. The increase is in part due to the new CFO's fees being included as accounting fees instead of salaries and benefits.

- General and administration were $15,835 compared to $21,660 during the prior period. This expense remained relatively consistent with a decrease of $5,825.

- Listing and filing fees were $15,165 compared to $16,893 during the comparative period. This expense remained relatively consistent with an decrease of $1,728.

- Marketing costs were $28,409 compared to $125,370 during the comparative period, a decrease of $96,961, as the Company's marketing campaign will start after the first quarter during the current year.

LIQUIDITY AND CAPITAL RESOURCES

Summary of cash position and changes in cash

		Three months ended March 31, 2022		Three months ended March 31, 2021
Cash flow used in operating activities	$	(583,450)	$	(584,035)
Cash flow used in investing activities		-		(50,928)
Cash flow used in financing activities		(7,594)		(7,405)
Effect of foreign exchange on cash		(1,262)		(1,821)
Net change		**(592,306)**		**(644,189)**
Cash — beginning of year		1,074,068		3,423,212
Cash — end of ear	**$**	**481,762**	**$**	**2,779,023**

As at March 31, 2022, the Company had a working capital of $250,085 compared to working capital of $829,407 as at December 31, 2021.

Cash flow used in operations during the three months ended March 31, 2022 was similar to the same period in 2021.

Cash flow used in investing activities was lower during the three months ended March 31, 2022 compared to 2021, as the Company paid its required option payments due January 1, 2022 during December 2021 whereas the January 1, 2021 required payments were paid in early January 2021.

Cash flow used in financing activities during the three months March 31, 2022 compared to March 31, 2021 was relatively unchanged, as this relates to lease obligation payments.

Going concern

The Financial Statements and financial results discussed herein of the Company were prepared assuming Tectonic will continue on a going concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and to develop profitable operations. The Financial Statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Commitments

The Company signed an office lease agreement to pay rent as follows:

Calendar Years		Rental Payment
2022	$	22,782
2023		10,126
Total	**$**	**32,908**

Capital Management

The Company manages its capital structure based on the funds available to the Company in order to support the acquisition and exploration of exploration and evaluation assets. The Board of Directors (or "Board") does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as components of shareholders' equity.

The properties in which the Company currently has an interest are in the exploration stage and are not positive cash-flow generating, as such the Company has historically relied on the equity markets to fund its activities.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions.

There has been no significant change in the Company's objectives, policies and processes for managing its capital during the three months ended March 31, 2022.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

SHAREHOLDERS' EQUITY

Tectonic is authorized to issue an unlimited number of common shares without par value. As at date of this report the Company has 193,863,401 (March 31, 2022 - 161,677,735) common shares outstanding.

Restricted Shares

On July 29, 2019, the Company adopted the Restricted Share Plan. The Company may grant common shares to eligible employees, officers, directors and consultants with performance conditions to be determined by the Company' Board of Directors ("Restricted Shares"). No cash consideration is received for Restricted Shares. Performance conditions are placed on the Restricted Shares, as determined by the Board. If employees fail to meet the conditions, the Restricted Shares are subsequently cancelled and returned to the Company's treasury. The Restricted Share Plan permits the issuance of restricted shares, which, together with the Stock Option Plan, may not exceed 10% of the Company' issued common shares as at the date of grant.

On July 29, 2019 and September 17, 2019, the Company granted 2,400,000 Restricted Shares and 950,000 Restricted Shares, respectively. Both grants were to certain employees and directors at a value of $0.35 per Restricted Share. The condition set by the Board was a two-year employment period from the date of grant. During the year ended December 31, 2020, 675,000 Restricted Shares were forfeited and the shares were cancelled. During the year ended December 31, 2021, all remaining Restricted Shares were released, as the required two-year period was completed resulting in a reallocation of $936,250 from reserves to share capital.

Stock Options

The Company has a Stock Option Plan. The Company may grant share options to eligible employees, officers, directors and consultants at an exercise price, expiry date and vesting conditions to be determined by the Company's Board of Directors. The maximum expiry date is ten years from the grant date. The Stock Option Plan permits the issuance of stock options, which, together with the Restricted Share Plan, may not exceed 10% of the Company's issued common shares as at the date of grant.

A summary of the Company's options and the changes during the period are as follows:

	Shares to be issued upon exercise of the options	Weighted-average exercise price ($)
Balance — December 31, 2020	**400,000**	**0.33**
Issued	1,050,000	0.18
Cancelled	(400,000)	0.18
Balance — December 31, 2020	**1,050,000**	**0.24**
Issued	300,000	0.10
Balance — March 31, 2022	**1,350,000**	**0.21**

Expiry date	Number outstanding	Exercise price per share ($)
July 27, 2025	400,000	0.33
August 4, 2026	400,000	0.20
April 30, 2031	250,000	0.16
March 11, 2027	300,000	0.10
Outstanding	**1,350,000**	**0.21**
Exercisable	**100,000**	**0.33**

On July 27, 2020, the Company granted 400,000 stock options to an employee. Each stock option has an exercise price of $0.33 and vests over a three-year period as follows: 100,000 stock options will vest July 27, 2021, 100,000 stock options will vest July 27, 2022 and 200,000 stock options will vest July 27, 2023. The stock options expire July 27, 2025.

On April 7, 2021, the Company granted 400,000 stock options to a former CFO. These options were cancelled unvested during the same period.

On April 30, 2021, the Company granted 250,000 stock options to consultants. Each stock option has an exercise price of $0.155 and vests over a two-year period as follows: 125,000 stock options will vest April 30, 2022 and 125,000 stock options will vest April 30, 2023. The stock options expire April 30, 2031.

On August 4, 2021, the Company granted 400,000 stock options to an employee. Each stock option has an exercise price of $0.20 and vest over a four-year period as follows: 100,000 stock options will vest on August 4, 2022 and an additional 100,000 stock options will vest on the three subsequent anniversary dates thereafter. The stock options expire August 4, 2026.

On March 11, 2022, the Company granted 300,000 stock options to a consultant. Each stock option has an exercise price of $0.10 and vest over three-year period as follows: 100,000 stock options will vest March 11, 2023 and an additional 100,000 stock options will vest on the two subsequent anniversary dates thereafter. The stock options expire March 11, 2027.

Escrow

The Company entered into an escrow agreement pursuant to which 19,272,071 common shares and 4,275,642 warrants have been placed in escrow. The escrow agreement provides that 10% of the escrowed securities will be released upon the Company's listing date and that an additional 15% will be released every six months thereafter, over a period of 36 months. As of March 31, 2022, there were 5,781,622 (December 31, 2021 – 5,781,622) common shares and 1,282,694 (December 31, 2021 – 1,282,694) warrants held in escrow.

Share Purchase Warrants

A summary of the Company's warrants and changes during the period are as follows:

	Shares to be issued upon exercise of the warrants	Weighted-average exercise price ($)
Balance — December 31, 2020	**39,757,710**	**0.42**
Non-broker warrants issued	35,880,280	0.17
Finders warrants issued	2,488,588	0.17
Expired	(17,157,330)	0.50
Balance — December 31, 2021 and March 31, 2022	**60,969,248**	**0.24**

Warrants outstanding as at March 31, 2022 and the date of this report are as follows:

Expiry date	Number outstanding	Exercise price per share ($)
April 17, 2022	5,236,500[2]	0.40
June 16, 2022	720,000	0.10
June 16, 2022	3,380,000	0.25
June 30, 2022	12,307,750[1]	0.40
June 30, 2022	956,130	0.20
June 23, 2023	35,880,280[1]	0.17
June 23, 2023	2,488,588	0.17
	60,969,248	

1. *Warrants are subject to the Acceleration Clause*
2. *Subsequent to March 31, 2022, these warrants expired unexercised*

REGULATORY DISCLOSURES

Related Party Transactions

The Company's related parties include its subsidiaries, District Metals LLC and Tectonic Resources LLC, and key management personnel, which include officers, directors or companies with common directors of the Company. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

The Company incurred the following expenses with key management personnel as follows:

	Three months March 31, 2022 $	Three months March 31, 2021 $
Employee salaries and benefits – administration expense	60,000	97,500
Employee salaries and benefits – exploration expense	31,556	37,500
Geological consulting – exploration expense	36,000	-
Share based compensation – restricted shares	-	83,344
Share based compensation	3,283	11,465

- During the three months ended March 31, 2022, the Company paid $60,000 (2021 - $60,000) in salaries and bonus to Tony Reda, the Company's CEO.
- The Company is party to a consulting agreement with a firm for which Xavier Wenzel works to provide services as the Company's CFO, as well as financial consulting services, accounting and bookkeeping services to the Company. For the three months ended March 31, 2022, the total fees incurred under this agreement are $31,264 (2021 - $nil) and the amount owed is $23,152 (2021 - $nil), which is included in trade and other payables.
- During the three months ended March 31, 2022, the Company paid $31,556 (2021 - $37,500) in salaries and bonus to Eric Buitenhuis, the Company's VPX.

FINANCIAL INSTRUMENTS

Financial Assets and Liabilities

The Company's financial assets, which consist of cash and receivables, and financial liabilities, which consist of trade and other payables and lease liability, are classified at amortized cost. The fair value of cash is measured on the statement of financial position using Level 1 of the fair value hierarchy. The fair value of receivables and trade and other payables approximate their book values due to the short-term nature of these instruments.

Financial Risk Factors

The Company is exposed to a variety of financial risks by virtue of its activities, including credit, liquidity, interest rate, foreign currency and price risk.

Credit risk

The Company is exposed to industry credit risk arising from its cash. The Company manages credit risk by holding cash with major Canadian financial institutions. Management believes that credit risk related to these amounts is nominal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they become due. To manage liquidity risk, the Company has in place a planning and budgeting process to help determine the funds required to support the Company's operating requirements on an ongoing basis and assess available and required sources of additional capital and financing. The Company is exposed to liquidity risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to interest rate risk, as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% change in interest rates would result in a nominal difference for the year ended March 31, 2022.

Foreign currency risk

The Company is exposed to nominally foreign currency risk on fluctuations related to cash and trade and other payables that are denominated in US dollars.

Price risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

Inflationary Risk

The Company is exposed to increases in operating costs due to inflation, including increases in labour costs, marketing and promotional costs, and other factors.

RISKS TO TECTONIC

The primary risk factors affecting the Company are set forth below. For additional discussion of risk factors, please refer to the Company's Annual Information Form dated April 13, 2020, which is available on www.sedar.com.

Exploration Stage Company

The Company is an exploration stage company and cannot give assurance that a commercially viable deposit (or "reserve") exists on any properties for which the Company currently has or may have (through potential future joint venture agreements or acquisitions) an interest. Therefore, the determination of the existence of a reserve depends on appropriate and sufficient exploration work and the evaluation of legal, economic and environmental factors. If the Company fails to find a commercially viable deposit on any of its properties, its financial condition and results of operations will be materially adversely affected.

Mineral Exploration and Development

Resource exploration and development is a speculative business, characterized by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Substantial expenditures are required to establish ore reserves through exploration and drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities and grades to justify commercial operations or that funds required for development can be obtained on a timely basis. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, social governance issues, unforeseen technical difficulties, unusual or unexpected geological formations, and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short-term factors relating to reserves, such as the need for orderly development of ore bodies or processing new or different grades, may also have an adverse effect on mining operations and the results of operations. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

Competition and Mineral Exploration

The mineral exploration industry is intensely competitive in all of its phases, and the Company must compete in all aspects of its operations with a substantial number of companies with greater liquidity, greater access to credit and other financial resources, newer or more efficient equipment, lower cost structures, more effective risk management policies and procedures and/or greater ability than the Company to withstand losses. The Company's competitors may be able to respond more quickly to new laws or regulations or emerging technologies or devote greater resources to the expansion of their operations than the Company can. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Competition could adversely affect the Company's ability to acquire suitable new producing properties or prospects for exploration in the future. Competition could also affect the Company's ability to raise financing to fund the exploration and development of its properties or to hire qualified personnel. The Company may not be able to compete successfully against current and future competitors, and any failure to do so could have a material adverse effect on the Company's business, financial condition or results of operations.

Limited Operating History

The Company has a limited operating history, and its mineral properties are exploration stage properties. As such, the Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues. The current state of the Company's mineral properties requires significant additional expenditures before any cash flow may be generated. Although Tectonic possesses an experienced management team, there is no assurance that the Company will be successful in achieving a return on shareholders' investment, and the likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. There is no assurance that the Company can generate revenues, operate profitably or provide a return on investment, or that it will successfully implement its plans.

Negative Cash Flow from Operating Activities

The Company has no history of earnings and has had negative cash flow from operating activities since inception. The Company's mineral properties are in the exploration stage, and there are no known mineral resources or reserves and the proposed exploration programs on the Company's mineral properties are exploratory in nature. Significant capital investment will be required to achieve commercial production from the Company's existing projects. There is no assurance that any of the Company's mineral properties will generate earnings, operate profitably or provide a return on investment in the future. Accordingly, the Company will be required to obtain additional financing to meet its future cash commitments.

Going Concern Risk

The Financial Statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financings and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financings or in achieving profitability. The Financial Statements do not give effect to any adjustments relating to the carrying values and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

Additional Funding

The exploration and development of the Company's mineral properties will require substantial additional capital. When such additional capital is required, the Company will need to pursue various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders. The Company may not be successful in locating suitable financing transactions in the time period required or at all. A failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations. Any future issuance of securities to raise required capital will likely be dilutive to existing shareholders. In addition, debt and other debt financings may involve a pledge of assets and may be senior to interests of equity holders. The Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses, and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the gold and copper industries in particular), the Company's status as a new enterprise with a limited history, the location of the Company's mineral properties, the price of commodities and/or the loss of key management personnel.

Permits and Government or Regulatory Approvals

Exploration and development activities are dependent upon the grant of appropriate licenses, concessions, leases, permits and regulatory consents, and environmental approvals, which may be withdrawn or made subject to limitations. There is no guarantee that, upon completion of any exploration, a mining license will be granted with respect to exploration territory. There can also be no assurance that any exploration license will be renewed, or if so, on what terms. These licenses place a range of past, current and future obligations on the Company. In some cases, there could be adverse consequences for breach of these obligations, ranging from penalties to, in extreme cases, suspension or termination of the relevant license or related contract. The Company may also require permits from various federal, state, provincial and local governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protection, mine safety and other matters. Although the US has a favourable legal and fiscal regime for exploration and mining, including a relatively simple system for the acquisition of mineral titles and relatively low tax burden, possible future government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. The Company is currently in compliance with all material regulations applicable to its exploration activities.

Laws and Regulation

The Company's exploration activities are subject to extensive federal, state, provincial and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters in all the jurisdictions in which it operates. These laws and regulations are subject to change, can become more stringent and compliance can, therefore, become more costly. The Company applies the expertise of its management, advisors, employees and contractors to ensure compliance with current laws.

COVID-19 Coronavirus Outbreak

The current global uncertainty with respect to the spread of the COVID-19 coronavirus, the rapidly evolving and unpredictable nature of the pandemic, and local and international developments related thereto and its effect on the broader global economy and capital markets may have a negative effect on the Company and its ability to continue exploration activities at its properties. While the final impact of the COVID-19 outbreak on the Company remains unknown, rapid spread of COVID-19 and declaration of the outbreak as a global pandemic has resulted in travel advisories and restrictions, certain restrictions on business operations, social distancing precautions and restrictions on group gatherings, which are having direct impacts on businesses in Canada and around the world and could result in travel bans, post-travel quarantines, closure of assay labs, work delays, difficulties for contractors and employees getting to site, and diversion of management attention, all of which in turn could have a negative impact on the Company. In particular, the current pandemic spread of the COVID-19 virus and the current review of closing cross-country border crossings and the reduction in available commercial flights between the US and Canada has increased mobility and infrastructure risks for the Company to send its employees to Alaska to conduct exploration work. The Company may need to rely entirely on US contractors to complete the remaining exploration programs and meet minimum exploration expenditures, which may result in higher costs. The spread of COVID-19 may also have a material adverse effect on global economic activity and could result in volatility and disruption to global supply chains and the financial and capital markets, which could affect the business, financial condition, results of operations and other factors relevant to the Company, including its ability to raise additional financing.

Environmental Risks

The Company's exploration and/or development activities are subject to extensive laws and regulations governing environmental protection. The Company is also subject to various reclamation related conditions. Although the Company closely follows and believes it is operating in compliance with all applicable environmental regulations, there can be no assurance that all future requirements will be obtainable on reasonable terms. Failure to comply may result in enforcement actions causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures. Intense lobbying over environmental concerns by non-governmental organizations has caused some governments to cancel or restrict the development of mining projects. Current publicized concern over climate change may lead to carbon taxes, requirements for carbon offset purchases or new regulation. The costs or likelihood of such potential issues to the Company cannot be estimated at this time.

The legal framework governing this area is constantly developing, therefore, the Company is unable to fully ascertain any future liability that may arise from the implementation of any new laws or regulations, although such laws and regulations are typically strict and may impose severe penalties (financial or otherwise). The proposed activities of the Company, as with any exploration, may have an environmental impact, which may result in unbudgeted delays, damage, loss, and other costs and obligations, including, without limitation, rehabilitation and/or compensation. There is also a risk that the Company's operations and financial position may be adversely affected by the actions of environmental groups or any other group or person opposed in general to the Company's activities and, in particular, the proposed exploration and mining by the Company within the state of Alaska.

Dependence on Management and Key Personnel

The success of the Company is currently largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business. As the Company's business activity grows, the Company will require additional key financial, administrative and mining personnel, as well as additional operations staff. There can be no assurance that these efforts will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increase. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on the Company's operations and financial condition.

Material Contract Obligations

The agreements pursuant to which the Company acquired its interest in its properties provide that the Company must make a variety of payments in cash and common shares over certain time periods and expend certain minimum amounts on the exploration of its properties. If the Company fails to make such payments or expenditures in a timely fashion, the Company may lose its interest in one or more of the properties.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on the SEDAR website at www.sedar.com and the Company's website at www.tectonicmetals.com.

CAUTIONARY STATEMENTS

Forward-looking Information

All statements in this MD&A, other than statements of historical fact, are "forward-looking statements" or "forward looking information" with respect to Tectonic within the meaning of applicable securities laws, including statements that address the impact of general business and economic conditions, the use of proceeds of any financings, and timing of exploration and development plans. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", and similar expressions, or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management at the date the statements are made, including, among others, assumptions regarding timing of exploration and development plans at the Company's mineral projects; timing and completion of proposed financings; the release of an initial resource report on any of our properties; assumptions about future prices of gold, copper, silver and other metal prices; currency exchange rates and interest rates; metallurgical recoveries; favourable operating conditions; political stability; obtaining governmental approvals and financing on time; obtaining renewals for existing licenses and permits and obtaining required licenses and permits; labour stability; stability in market conditions; availability of equipment; accuracy of historical information; successful resolution of disputes and anticipated costs and expenditures. Many assumptions are based on factors and events that are not within the control of the Company, and there is no assurance they will prove to be correct.

Such forward-looking information involves known and unknown risks, which may cause the actual results to be materially different from any future results expressed or implied by such forward-looking information, including, but not limited to, the cost, timing and success of exploration activities generally, including the development of new deposits; possible variations in grade or recovery rates; failure of equipment or processes to operate as anticipated; the failure of contracted parties to perform; uses of funds in general, including future capital expenditures, exploration expenditures and other expenses for specific operations; the timing, timeline and possible outcome of permitting or license renewal applications; government regulation of exploration and mining operations; environmental risks; the uncertainty of negotiating with foreign governments; expropriation or nationalization of property without fair compensation; adverse determination or rulings by governmental authorities; delays in obtaining governmental approvals; possible claims against the Company; the impact of archaeological, cultural or environmental studies within property areas; title disputes or claims; limitations on insurance coverage; the interpretation and actual results of historical operators at certain of our exploration properties; changes in project parameters as plans continue to be refined; current economic conditions; future prices of commodities; and delays in obtaining financing. The Company's forward-looking information reflect the beliefs, opinions and projections on the date the statements are made. The Company assumes no obligation to update forward-looking information or beliefs, opinions, projections or other factors, should they change, except as required by law.

Scientific and Technical Information

Scientific and technical information presented in this MD&A has been approved by Peter Kleespies, M.Sc., P.Geo, Vice President, Exploration, a qualified person who by reason of education, affiliation with a professional association (as defined in National Instrument ("NI") 43-101 *Standards of Disclosure for Mineral Projects*) and past relevant work experience, fulfills the requirements of a Qualified Person, as defined in NI 43-101.